MACC
MANITOBA AGRICULTURAL CREDIT CORPORATION

Manitoba
Agriculture

Annual Report
1987 - 88

Manitoba
Agricultural Credit
Corporation

89-05148/

Manitoba

Minister of Agriculture

Room 165
Legislative Building
Winnipeg, Manitoba, CANADA
R3C 0V8

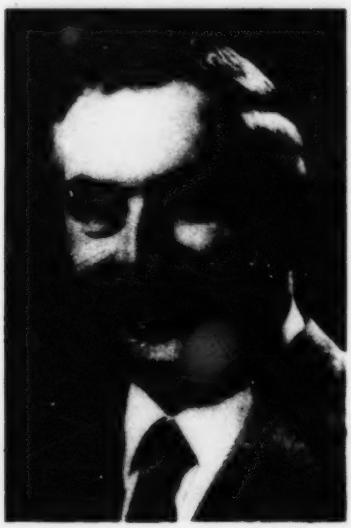
To His Honour
George Johnson
Lieutenant-Governor of Manitoba

Your Honour:

I have the honour to submit herewith the Report of the Manitoba Agricultural Credit Corporation for the period April 1, 1987 to March 31, 1988.

Your obedient servant,

Glen M. Findlay,
Minister of Agriculture



MACC
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Manitoba
Agriculture

Honourable Glen M. Findlay
Minister of Agriculture
165 Legislative Building
Winnipeg, MB
R3C 0V8

Dear Mr. Findlay:

I have the honour to herewith submit the Annual Report of The Manitoba Agricultural Credit Corporation and the Financial Statements for the fiscal year ending March 31, 1988.

Yours respectfully,

Robert Manns
Chairman
Manitoba Agricultural
Credit Corporation

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The Manitoba Agricultural Credit Corporation

Board of Directors

Olafur P. Sigurdson	Chairman
Hazel Allan	Vice-chairwoman
Henry Reske	Board Member
Lawrence Bell	Board Member
Marcella Viznaugh	Board Member
Patricia Barry	Secretary

Officers

Neil A. Potter	General Manager
J. David Bilsland, C.A.	Director, Finance and Administration
Douglas A. Parnell	Director, Credit Administration
Edwin R. Poore	Director, Program Planning, Development and Evaluation
Albert W. Todosichuk	Director, Field Operations
Oli P. Josephson	Director, Fisherman's Loans
David I. Victor, Q.C.	Legal Counsel

Financing of the Corporation

Beginning in 1959, its first year of operation, the Corporation has borrowed its capital from the Province of Manitoba. The capital funds remained with the Corporation to be re-used for lending purposes and interest charges on this capital was paid annually to the Province.

In 1977, arrangements were made to repay capital advances together with fixed interest charges over an amortized period as consistent as possible with the term over which these funds were loaned to farmers. Because of the "open" nature of its loans to farmers, the Corporation also is allowed to make prepayments on the capital advances of the funds received as prepayments from its clients.

Financial Statements

Balance Sheet

Deficit Account

Fiscal 1985-86 brought about a change in the method of funding provided for the Corporation's operations by the Province. This change eliminated any further funding of the Corporation's allowance for doubtful accounts and required a return to the Province of funds provided for the allowance prior to March 31, 1985. During 1987-88, the same change was made for operations under the Fisheries Act.

Because of this funding change, the Corporation continues to experience an annual excess of expenditure over revenue caused by increases in the allowance for doubtful accounts in excess of bad debt write-offs which are funded by the Province under this new method. The increase in the deficit account of $6,212,553 is represented by the increase in the allowance of $10,550,134 less accounts written off of $4,337,581.

Statement of Revenue and Expenditure

The net costs of operation of the Corporation were $14,982,296 in 1987-88 compared with $10,423,354 in the previous year, the net increase due to increasing bad debts (allowance provided) less decreasing Guaranteed Loan losses and Young Farmer Rebates. To offset these net costs of operation the Province provided $8,769,743 ($4,432,162 from appropriations of the Department of Agriculture, $4,337,581 from the Department of Finance Valuation account) resulting in an operating excess of expenditure over revenue of $6,212,553 for 1987-88. In the Fish Program, the Province now provides for the administration costs and net interest costs via an appropriation of the Department of Natural Resources with bad debt write-offs provided from the Department of Finance Valuation account. The effect of the 1987-88 change of funding was $412,685 as set out in Note 10 b) to the financial statements. The net costs of operation of $358,331 were partially offset by funding from Natural Resources of $310,747 and from Finance of $38,070 resulting in an operating excess of expenditure over revenue of $9,514 compared with a fully funded situation in the previous fiscal year.

Operations Review

Active MACC Accounts
As At March 31, 1988

1.	Direct Loan Accounts	6,468
2.	Mortgage Purchase Accounts	332
3.	Corporate and Co-operative Loan Accounts	37
4.	Crown Land Purchase Accounts	132
5.	Stocker Accounts	154
6.	Manitoba Beef Stabilization Accounts	129
7.	Refinancing Program — Regular	162
8.	Refinancing Program — Corporate	17
9.	Manitoba Mediation Board Loans	8
10.	Part-time Farmers Accounts	43
11.	Manitoba Interest Rate Relief Accounts	1,027
12.	Beef Producers Income Assurance Plan Accounts	44
13.	Guaranteed Loan Accounts	1,145
14.	Long Term Lease Accounts	152
15.	Short Term Lease Accounts	67
16.	Farm Diversification Loan Accounts	249
17.	Emergency Fodder Loan Accounts	3
18.	Livestock Grant Accounts	4
19.	Disaster Relief Accounts	8
20.	Farm Start Program Account	1
21.	Fisherman's Loan Accounts	1,129
	Total:	11,311

Loan Activity

During the 1987/88 fiscal year, the Corporation's agricultural lending activities totalled $53,830,210, a decrease of $12,548,201 from the previous fiscal year's total of $66,378,411.

All lending programs of the Corporation experienced this decrease in activity with the exception of the Guaranteed

Loans program and the new Manitoba Mediation Board Loans program. Major areas of the decrease in activity were Direct Loans $9,085,399, Corporate and Co-operative Loans $991,838, Stocker Loans $648,534, Manitoba Beef Stabilization Loans $1,537,761, Refinancing Program - Regular $3,302,396, Corporate $462,407 and the Part-time Farmers Loans $734,400 offset by the increases in Guaranteed Loans of $3,873,000 and Manitoba Mediation Board Loans of $805,450.

The present world farm economic situation appears responsible for the decline in lending activity from the levels experienced in recent past fiscal years.

Interest Rate Reduction Program

During 1987-88 the Corporation offered an Interest Rate Reduction Program to 3,873 of its clients who had 5,223 outstanding loans from MACC.

This program allowed these clients to "buy down" their existing loans to an effective rate of 8% by way of a cash payment or by way of an additional loan at various terms from the Corporation. The potential reduction in payments over the remaining terms of the existing loans, if carried to maturity, will amount to $42.8 million for the 1,404 clients with 1,582 loans who exercised their option to participate in the program.

Direct Loans

From its inception in July 1978, the current Direct Loan Program has generated a loan volume of $213.2 million with $123.5 million of this amount used for the purchase of farm lands.

Of the $11.6 million approved in direct loans during 1987/88, 67% was used to purchase land, 22% for consolidation of debts, 6% for permanent improvements to land and buildings and the remaining 5% for equipment, livestock and other purposes. Young farmers were recipients of 93% of the proceeds of the direct loans.

Refinancing Program

This program, which was introduced during 1985/86, will provide a total of $20.0 million in loans to farmers or corporate farms which are in financial difficulty at a subsidized interest rate of 9¾% for the first five years of the loan. After expiry of the first five year term the interest rate will be the Corporation's regular lending rate at the time the loan was made. During 1987/88 loan assistance to clients of the Manitoba Mediation Board was extended under this subsidized program.

Activity under this program for 1987/88 amounted to 9 approvals under the regular program totalling $706,050 and 8 approvals for the Mediation Board loans for $805,450 bringing total approvals to March 31, 1988 to $11,727,459 for the regular program $1,691,337 for the corporate program and $805,450 for the Manitoba Mediation Board loans. This leaves $5,775,754 still available for subsidized loans under this program.

Part-Time Farmer Program

This program was also introduced in the 1985/86 fiscal year to provide loans at regular lending rates to part-time farmers who intend to become principally occupied in farming within ten years.

Loan approvals for 1987/88 under the Part-time Farmer Program totalled $349,200 for 8 loans. To date 25 loans have been approved for a total dollar value of $1,432,800.

Corporate and Co-operative Loans

There were no new loans under this program during the year under review.

Stocker Program

The Stocker Program was designed to provide cattle inventory financing to qualified livestock producers and was introduced on July 9, 1975 by the Corporation. During the year, there were 89 loan approvals totalling $3,426,905 for the purchase of 5,794 head of cattle. From inception of this program to March 31, 1988, a total of 1,068 loans have been approved for 61,661 head of cattle with a value of $23,036,216.

Crown Land Loans

During 1980-81, the program was introduced to provide mortgage funds to lessees of Crown Lands to purchase the leased land from the Province. During 1987-88, 3 loans were approved in the amount of $21,150. Total volume under this program to March 31, 1988 has been 145 loans for $1,956,109.

Manitoba Beef Stabilization and Marketing Plan Loans

This program was introduced October 17, 1982, to provide financing for farmers who desire to raise their calves to a stocker or slaughter weight. Financing is available in the form of cash advances, custom feeding loans and loans for facility and production improvements.

During the year, 91 loans were approved in the amount of $1,503,905. Total loans approved under this program from its inception are 1,159 for $18,149,773.

Manitoba Interest Rate Relief Program

This program was introduced during 1981-82 to provide direct assistance for Manitoba farmers in financial difficulty due to high interest rates and to provide financial counselling through the Department of Agriculture. Total payments to date have amounted to $12,147,404.

The program is now in the collection phase, with no new applications being accepted by the Corporation.

Beef Producers Income Assurance Loans

During 1980-81, this program was introduced to make possible termination of the Manitoba Beef Producers Income Assurance Plan agreements by those producers who wished to terminate their contracts but did not have funds available to pay out their contracts.

From inception of this program, 83 loans totalling $115,481 have been approved.

Farm Start

This program was introduced late in fiscal 1986-87. The program is designed to facilitate land purchases by beginning farmers by providing a guarantee to the retiring vendor of the property who in turn provides a loan at a subsidized interest rate to the purchaser.

One guarantee in the amount of $25,000 has been approved to date.

Guaranteed Loans

On April 1, 1983, the Corporation's Guaranteed Operating Loan Program was introduced. Under this program, the Corporation guarantees 12.5% of the aggregate total guaranteed to each participating lending institution. The program carries a maximum of $125,000 per loan and a $100,000,000 aggregate total to all participating lending institutions.

During the year, 546 loans totalling $34,646,500 were approved.

Land Lease Program

In October 1977, the Corporation discontinued accepting applications for sale of land to the Corporation for leasing purposes. Under the program, the Corporation had acquired a total of 223,600 acres at a cost of $22.6 million.

During 1987-88, 3 sales were made to lessees under the terms of the purchase option clause in the lease agreement. Thirteen other sales were made by public tender.

Fisherman's Loans

During the year, the Corporation approved 953 loans totalling $3,485,032. Total loans from inception of this program in 1969 have been $29,995,405 for 2,743 clients. A very high percentage of these fishermen are returning for supplemental loans every one or two years indicating the success of the program in providing for the revolving credit needs of Manitoba's commercial fishermen.

Fisherman's Loan Approvals — Total Province

For Five Years Ended March 31, 1988

	1983-84	1984-85	1985-86	1986-87	1987-88
Number	953	926	993	1046	953
$ Amount	2,113,559	2,322,464	2,595,025	3,492,234	3,485,032

MACC Summary of Activity

(Compared with Previous Fiscal Year)

	1986-87		1987-88	
	Number	Amount	Number	Amount
Direct Loans	322	20,678,967	213	11,593,568
Corporate & Co-operative Loans	4	987,188	—	(4,650)
Stocker Loans	132	4,075,439	89	3,426,905
Crown Land Loans	7	102,110	3	21,150
Manitoba Beef Stabilization Loans	200	3,041,666	91	1,503,905
Refinancing Program — Regular	33	4,008,446	9	706,050
— Corporate	2	462,407	—	—
Manitoba Mediation Board	—	—	8	805,450
Farm Start	—	—	1	25,000
Part-time Farmers	17	1,083,600	8	349,200
Manitoba Interest Rate Relief				
Loans — 1st year payments	—	379	—	—
— 2nd year payments	5	36,303	—	—
TOTAL	722	34,476,505	422	18,426,578
Guaranteed Loans	490	30,773,500	546	34,646,500
Land Sales	18	1,128,406	16	757,132
TOTAL	1230	66,378,411	984	53,830,210
Fisherman's Loans				
— Administered by MACC				
for Department of Natural Resources	1046	3,492,234	953	3,485,032
TOTAL	2276	69,870,645	1937	57,315,242

Table I

Approved Direct Loans by Purposes

Percentage Comparison

For the Five Years Ended March 31, 1988

	1983-84	1984-85	1985-86	1987-88	
	%	%	%	%	Amount
Purchase of Land by Borrower	41	53	75	67	7,724,739
Permanent Improvements, Buildings	8	6	3	6	704,064
Permanent Improvements, Land	—	—	—	—	(250)
Consolidation of Debts	45	35	16	22	2,638,743
Purchase of Livestock	4	4	4	4	429,111
Purchase of Equipment	1	1	1	—	9,320
Other Purposes	1	1	1	1	87,841
Total:	100	100	100	100	11,593,568

Table II

Approved Agricultural Loans by Age Groups

For the Five Years Ended March 31, 1988

	*Young Farmers					Others					Totals				
	1983-84	1984-85	1985-86	1986-87	1987-88	1983-84	1984-85	1985-86	1986-87	1987-88	1983-84	1984-85	1985-86	1986-87	1987-88
New Loans															
Number	327	276	220	247	157	26	24	10	5	11	353	300	230	252	168
%	93%	92%	96%	98%	93%	7%	8%	4%	2%	7%					
$ Amount	23,905,674	17,349,111	13,245,563	16,935,559	8,907,898	1,787,261	1,716,636	294,695	449,300	588,329	25,692,935	19,065,747	13,540,258	17,384,859	9,496,227
%	93%	91%	98%	97%	94%	7%	9%	2%	3%	6%					
Average	73,106	62,859	60,207	68,565	56,738	66,740	71,526	26,470	89,860	53,485	72,784	63,552	58,871	68,988	56,526
Additional Loans															
Number	113	90	54	66	42	19	17	2	4	3	132	107	56	70	45
%	86%	84%	96%	94%	93%	14%	16%	4%	6%	7%					
$ Amount	5,428,132	3,214,932	2,196,505	3,108,058	1,967,577	1,056,569	879,439	12,992	186,050	129,764	6,484,701	4,094,371	2,209,497	3,294,108	2,097,341
%	84%	79%	99%	94%	94%	16%	21%	1%	6%	6%					
Average	48,036	35,721	40,676	47,092	46,847	55,608	51,731	6,496	46,512	43,255	49,126	38,266	39,455	47,059	46,608
Total															
Number	440	366	274	313	199	45	41	12	9	14	485	407	286	322	213
%	91%	90%	96%	97%	93%	9%	10%	4%	3%	7%					
$ Amount	29,333,806	20,564,043	15,442,068	20,043,617	10,875,475	2,843,830	2,596,075	307,687	635,350	718,093	32,177,636	23,160,118	15,749,756	20,678,967	11,593,568
%	91%	89%	98%	97%	94%	9%	11%	2%	3%	6%					
Average	66,667	58,186	56,358	64,037	54,651	63,196	63,319	25,641	70,594	51,292	66,345	56,905	55,069	64,220	54,430

**Young Farmers are those 18 to 39 years of age*

Table III

Summary of Programs

For the Five Years Ended March 31, 1988

	1983-84	1984-85	1985-86	1986-87	1987-88
DIRECT LOANS					
No.	485	407	286	322	213
$ Amount	32,177,636	23,160,118	15,749,755	20,678,967	11,593,568
CORPORATE LOANS					
No.	—	3	2	4	—
$ Amount	(48,070)	699,974	224,814	987,188	(4,650)
CROWN LAND LOANS					
No.	30	10	6	7	3
$ Amount	332,067	100,852	49,155	102,110	21,150
STOCKER LOANS					
No.	51	90	111	132	89
$ Amount	1,313,425	2,264,982	3,138,303	4,075,439	3,426,905
MAN. BEEF STABILIZATION LOANS					
No.	232	249	291	200	91
$ Amount	3,378,800	3,991,872	4,641,930	3,041,666	1,503,905
REFINANCING PROGRAM					
REGULAR					
No.	—	—	71	33	9
$ Amount	—	—	7,012,963	4,008,446	706,050
CORPORATE					
No.	—	—	6	2	—
$ Amount	—	—	1,228,930	462,407	—
MAN. MEDIATION BD.					
No.	—	—	—	—	8
$ Amount	—	—	—	—	805,450
FARM START					
No.	—	—	—	—	1
$ Amount	—	—	—	—	25,000
PART TIME FARMERS					
No.	—	—	2	17	8
$ Amount	—	—	226,600	1,083,600	349,200
MAN. INTEREST RATE RELIEF LOANS					
1st Yr. No.	499	199	7	—	—
$ Amount	2,928,736	1,129,717	35,551	379	—
2nd Yr. No.	281	441	206	5	—
$ Amount	1,534,807	2,530,742	1,148,198	36,303	—
GUARANTEED LOANS — Farm Production					
No.	6	—	—	—	—
$ Amount	132,000	—	—	—	—
— Guaranteed Operating					
Initial Approvals					
No.	444	307	181	100	99
$ Amount	24,356,700	15,011,900	8,331,500	5,146,000	5,155,000
Repeat Approvals					
No.	51	376	373	390	447
$ Amount	3,548,000	24,776,200	23,912,000	25,627,500	29,491,500
LAND SALES					
No.	18	8	6	18	16
$ Amount	1,041,131	710,951	299,870	1,128,406	757,132
LAND PURCHASES					
No.	—	—	—	—	—
$ Amount	400	—	—	—	—
TOTAL					
No.	2,097	2,090	1,548	1,230	984
$ Amount	70,695,632	74,377,308	65,999,569	66,378,411	53,830,210

Table IV

Summary of Programs

Interlake Region

For the Five Years Ended March 31, 1988

	1983-84	1984-85	1985-86	1986-87	1987-88
DIRECT LOANS					
No.	64	54	32	43	27
$ Amount	3,482,349	2,904,016	1,333,945	2,194,650	1,437,509
CORPORATE LOANS					
No.	—	—	—	1	—
$ Amount	—	—	—	154,600	—
CROWN LAND LOANS					
No.	9	3	4	2	2
$ Amount	99,285	31,722	36,380	37,450	13,790
STOCKER LOANS					
No.	3	5	6	15	15
$ Amount	61,600	179,882	194,583	507,120	495,557
MAN. BEEF STABILIZATION LOANS					
No.	46	40	45	24	15
$ Amount	592,800	767,400	836,546	463,052	291,900
REFINANCING PROGRAM					
REGULAR					
No.	—	—	10	7	1
$ Amount	—	—	974,981	691,015	130,200
CORPORATE					
No.	—	—	—	1	—
$ Amount	—	—	—	216,407	—
PART TIME FARMERS					
No.	—	—	—	5	1
$ Amount	—	—	—	249,050	87,000
MAN. INTEREST RATE RELIEF LOANS					
No.	173	147	43	1	—
$ Amount	967,759	811,326	225,428	6,218	—
GUARANTEED LOANS					
— Guaranteed Operating					
Initial Approvals					
No.	29	16	10	9	6
$ Amount	1,389,000	526,000	375,000	365,000	217,000
Repeat Approvals					
No.	2	24	19	28	33
$ Amount	145,000	1,617,000	957,000	1,743,000	1,896,000
LAND SALES					
No.	7	—	2	2	3
$ Amount	182,314	—	98,700	99,437	138,600
LAND PURCHASES					
No.	—	—	—	—	—
$ Amount	400	—	—	—	—
TOTAL					
No.	333	289	171	138	103
$ Amount	6,920,507	6,837,346	5,032,563	6,726,999	4,707,556

Table V

Summary of Programs

Eastern Region

For the Five Years Ended March 31, 1988

	1983-84	1984-85	1985-86	1986-87	1987-88
DIRECT LOANS					
No.	37	38	16	42	23
$ Amount	2,438,003	2,594,942	712,442	3,504,668	1,497,513
CORPORATE LOANS					
No.	(1)	2	1	1	—
$ Amount	(150,000)	265,000	50,500	200,000	—
CROWN LAND LOANS					
No.	6	3	1	1	1
$ Amount	73,525	29,400	(375)	6,920	7,360
STOCKER LOANS					
No.	—	6	10	10	5
$ Amount	—	169,014	348,421	288,250	184,075
MAN. BEEF STABILIZATION LOANS					
No.	14	18	21	10	7
$ Amount	138,700	295,940	351,807	75,590	114,900
REFINANCING PROGRAM REGULAR					
No.	—	—	6	1	1
$ Amount	—	—	757,232	182,337	123,500
CORPORATE					
No.	—	—	2	—	—
$ Amount	—	—	463,670	—	—
PART TIME FARMERS					
No.	—	—	—	1	3
$ Amount	—	—	—	46,800	168,550
MAN. INTEREST RATE RELIEF LOANS					
No.	71	38	11	—	—
$ Amount	409,901	228,020	63,982	—	—
GUARANTEED LOANS — Farm Production					
No.	1	—	—	—	—
$ Amount	20,000	—	—	—	—
— Guaranteed Operating Initial Approvals					
No.	29	9	11	4	4
$ Amount	1,436,200	403,600	563,000	98,000	215,000
Repeat Approvals					
No.	—	20	19	19	16
$ Amount	—	1,271,200	1,338,000	1,275,000	869,000
LAND SALES					
No.	2	2	2	4	2
$ Amount	102,100	135,664	129,800	321,100	122,998
TOTAL					
No.	159	136	100	93	62
$ Amount	4,468,429	5,392,780	4,778,479	5,998,665	3,302,896

Table VI

Summary of Programs

Central Region

For the Five Years Ended March 31, 1988

	1983-84	1984-85	1985-86	1986-87	1987-88
DIRECT LOANS					
No.	93	62	50	57	31
$ Amount	6,411,473	3,187,556	3,075,902	3,888,045	1,637,572
CORPORATE LOANS					
No.	—	1	—	—	—
$ Amount	38,930	183,859	5,314	(412)	(4,650)
CROWN LAND LOANS					
No.	—	—	—	—	—
$ Amount	—	—	—	—	—
STOCKER LOANS					
No.	12	14	25	26	24
$ Amount	330,303	399,994	922,559	1,025,656	1,125,113
MAN. BEEF STABILIZATION LOANS					
No.	44	49	55	43	16
$ Amount	686,700	686,940	795,863	614,627	286,600
REFINANCING PROGRAM REGULAR					
No.	—	—	5	2	—
$ Amount	—	—	521,750	233,000	—
MAN. MEDIATION BD.					
No.	—	—	—	—	1
$ Amount	—	—	—	—	110,000
PART TIME FARMERS					
No.	—	—	—	6	—
$ Amount	—	—	—	373,700	—
MAN. INTEREST RATE RELIEF LOANS					
No.	216	184	56	2	—
$ Amount	1,256,141	1,057,147	313,761	10,642	—
GUARANTEED LOANS — Guaranteed Operating					
Initial Approvals					
No.	135	59	48	34	46
$ Amount	8,870,000	3,855,000	2,207,000	1,810,000	2,777,000
Repeat Approvals					
No.	15	107	75	94	135
$ Amount	1,323,000	8,784,000	5,901,000	7,180,000	10,196,000
LAND SALES					
No.	1	1	—	2	2
$ Amount	40,000	163,400	—	86,836	72,753
TOTAL					
No.	516	477	314	266	255
$ Amount	18,956,547	18,317,896	13,743,149	15,222,094	16,200,388

Table VII

Summary of Programs

South Western Region

For the Five Years Ended March 31, 1988

	1983-84	1984-85	1985-86	1986-87	1987-88
DIRECT LOANS					
No.	204	173	120	125	79
$ Amount	15,064,880	10,333,278	7,386,122	8,165,989	4,476,386
CORPORATE LOANS					
No.	1	(1)	1	2	—
$ Amount	63,000	(63,000)	169,000	633,000	—
CROWN LAND LOANS					
No.	1	—	—	1	—
$ Amount	21,070	—	—	21,070	—
STOCKER LOANS					
No.	30	40	53	65	31
$ Amount	777,622	954,177	1,305,099	1,803,621	1,152,968
MAN. BEEF STABILIZATION LOANS					
No.	59	71	80	61	33
$ Amount	937,600	1,209,452	1,274,199	1,074,897	508,905
REFINANCING PROGRAM					
REGULAR					
No.	—	—	34	18	6
$ Amount	—	—	3,522,065	2,214,522	380,150
CORPORATE					
No.	—	—	4	—	—
$ Amount	—	—	765,260	—	—
MAN. MEDIATION BD.					
No.	—	—	—	—	4
$ Amount	—	—	—	—	359,600
PART TIME FARMERS					
No.	—	—	2	5	4
$ Amount	—	—	226,600	414,050	93,650
MAN. INTEREST RATE RELIEF LOANS					
No.	148	102	45	1	—
$ Amount	857,664	635,360	253,569	12,762	—
GUARANTEED LOANS					
— Farm Production					
No.	5	—	—	—	—
$ Amount	112,000	—	—	—	—
— Guaranteed Operating					
Initial Approvals					
No.	176	136	81	42	37
$ Amount	9,241,000	6,647,000	3,657,500	2,275,000	1,707,000
Repeat Approvals					
No.	25	151	167	170	198
$ Amount	1,540,000	8,846,500	10,272,000	10,218,000	12,467,000
LAND SALES					
No.	5	2	2	5	5
$ Amount	533,017	147,250	71,370	512,000	210,991
TOTAL					
No.	654	674	589	495	397
$ Amount	29,147,853	28,710,017	28,902,784	27,344,911	21,356,650

Table VIII

Summary of Programs

North Western Region

For the Five Years Ended March 31, 1988

	1983-84	1984-85	1985-86	1986-87	1987-88
DIRECT LOANS					
No.	87	80	68	55	53
$ Amount	4,780,931	4,140,326	3,241,344	2,925,615	2,544,588
CORPORATE LOANS					
No.	—	1	—	—	—
$ Amount	—	314,115	—	—	—
CROWN LAND LOANS					
No.	14	4	1	3	—
$ Amount	138,187	39,730	13,150	36,670	—
STOCKER LOANS					
No.	6	25	17	16	14
$ Amount	143,900	561,915	367,641	450,792	469,192
MAN. BEEF STABILIZATION LOANS					
No.	69	71	90	62	20
$ Amount	1,023,000	1,032,140	1,383,515	813,500	301,600
REFINANCING PROGRAM REGULAR					
No.	—	—	16	5	1
$ Amount	—	—	1,236,935	687,572	72,200
CORPORATE					
No.	—	—	—	1	—
$ Amount	—	—	—	246,000	—
MAN. MEDIATION BD.					
No.	—	—	—	—	3
$ Amount	—	—	—	—	335,850
FARM START					
No.	—	—	—	—	1
$ Amount	—	—	—	—	25,000
MAN. INTEREST RATE RELIEF LOANS					
No.	172	169	58	1	—
$ Amount	972,078	928,606	327,009	7,060	—
GUARANTEED LOANS — Guaranteed Operating					
Initial Approvals					
No.	75	87	31	11	6
$ Amount	3,420,500	3,580,300	1,529,000	598,000	239,000
Repeat Approvals					
No.	9	74	93	79	65
$ Amount	540,000	4,257,500	5,444,000	5,211,500	4,063,500
LAND SALES					
No.	3	3	—	5	4
$ Amount	183,700	264,637	—	109,033	211,790
TOTAL					
No.	435	514	374	238	167
$ Amount	11,202,296	15,119,269	13,542,594	11,085,742	8,262,720

Manitoba

The Manitoba Agricultural Credit Corporation

Report of the Provincial Auditor's Office

We have examined the financial statements, being Exhibits A to E and Schedule 1, of The Manitoba Agricultural Credit Corporation for the fiscal year ended March 31, 1988. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, the financial statements present fairly the financial position of The Manitoba Agricultural Credit Corporation as at March 31, 1988 and the results of its operations for the year then ended in accordance with the accounting policies stated in note 2 to the financial statements applied on a basis consistent with that of the preceding year.

July 29, 1988
Winnipeg, Manitoba

J. W. Singleton, CA,
Assistant Provincial Auditor

Exhibit A

The Manitoba Agricultural Credit Corporation

Balance Sheet

as at March 31, 1988

Assets

The Agricultural Credit Corporation Act

	1988	1987
Cash:		
On hand and in bank	$ 14,046	$ 52,163
On deposit with the Minister of Finance (Note 2 a)iv))	2,863,094	5,291,646
	2,877,140	5,343,809
Accounts receivable:		
Rent (Note 7 a))	257,423	274,959
Sale of real estate	264,521	52,444
Conditional incentive grants and accrued interest	13,661	17,679
Other	17,359	15,970
	552,964	361,052
Other receivables (Note 7 a)):		
Stocker program advances (Note 3)	2,650,983	2,322,368
Mortgages, chattels and agreements for sale (Note 4)	218,199,456	217,631,527
Promissory notes (Note 5)	514,437	779,799
Security agreements (Note 6)	996,685	2,478,451
	222,361,561	223,212,145
Real estate (Note 8)	17,332,672	12,668,863
Unamortized debt discount and expense	49,341	55,708
	243,173,678	241,641,577

Part III of The Fisheries Act

Cash on deposit with the Minister of Finance	16,696	194,429
Prepaid expenses	3,337	1,520
Loans receivable (Note 7 b))	5,357,674	4,640,941
	5,377,707	4,836,890
	$248,551,385	$246,478,467

Approved on behalf of the Board

Director

Director

Liabilities and Deficit

The Agricultural Credit Corporation Act

	1988	1987
Accounts payable:		
The Province of Manitoba	$ 824,625	$ 535,242
Other	1,630,172	1,197,472
	2,454,797	1,732,714
Provision for losses on guaranteed operating loans (Note 13 b))	2,117,000	2,819,050
Advances from the Province of Manitoba (Note 9a))	252,427,879	244,703,258
Deficit account (Note 10 a)):		
Balance at beginning of year	(7,613,445)	(4,707,347)
Excess of expenditure over revenue, Exhibit B	(6,212,553)	(2,906,098)
Balance at end of year	(13,825,998)	(7,613,445)
	243,173,678	241,641,577

Part III of The Fisheries Act

Accounts payable	9,688	8,601
Advances from the Province of Manitoba (Note 9 b))	5,761,929	4,800,000
Deficit account (Note 10 b)):		
Balance at beginning of year	28,289	28,289
Excess of expenditure over revenue, Exhibit C	(422,199)	—
Balance at end of year	(393,910)	28,289
	5,377,707	4,836,890
	$248,551,385	$246,478,467

Exhibit B

THE MANITOBA AGRICULTURAL CREDIT CORPORATION
The Agricultural Credit Corporation Act
Statement of Revenue and Expenditure
for the year ended March 31, 1988

	1988	1987
Revenue:		
Interest:		
Mortgages, chattels and agreements for sale	$20,881,156	$23,332,819
Interest Rate Reduction Program (Note 15)	13,022,630	—
Promissory notes	142,715	182,886
Stocker program	268,704	248,834
Security agreements	157,462	284,881
Cash on deposit with the Minister of Finance	34,802	15,886
Term deposits with the Minister of Finance	991,846	297,077
	35,499,315	24,362,383
Real estate (Note 11)	1,199,003	1,203,253
Other	191,472	26,413
	36,889,790	25,592,049
Expenditure:		
Administration, Schedule 1	14,099,355	10,416,444
Financing charges, net:		
Interest on advances from the Province of Manitoba, amortization of debt discount and service charges	24,750,101	25,598,959
Interest Rate Reduction Program (Note 15)	13,022,630	—
	37,772,731	25,598,959
Less:		
Amount assumed by the Province of Manitoba (Note 2 b))	8,769,743	7,517,256
	29,002,988	18,081,703
Total expenditure	43,102,343	28,498,147
Excess of expenditure over revenue Exhibit A, (Note 10 a))	$ 6,212,553	$ 2,906,098

Exhibit C

THE MANITOBA AGRICULTURAL CREDIT CORPORATION
Part III of The Fisheries Act
Statement of Revenue and Expenditure
for the year ended March 31, 1988

	1988	1987
Revenue:		
Loan interest:	$ 539,082	$ 467,837
Grant from the Province of Manitoba re administration costs (Note 2 b))	348,817	379,756
	887,899	847,593
Expenditure:		
Administration costs:		
Salaries	278,084	264,617
Audit fees	7,220	7,010
Bad debts (Note 7 b))	47,585	99,382
Collection expenses	1,348	1,092
Corporation capital tax	—	(170)
Data processing	7,384	6,406
Employee benefits	20,361	20,172
Furniture and fixtures	3,936	9,349
Health and post secondary education levy	5,417	3,464
Miscellaneous	195	385
Postage	1,893	1,694
Rental of office premises	14,858	12,004
Stationery, supplies and equipment rentals	7,620	5,267
Telephone	11,532	9,852
Travelling	22,468	22,969
Workers compensation	2,165	1,764
	432,066	465,257
Financing charges:		
Interest on advances from Province of Manitoba	465,347	382,336
	897,413	847,593
Excess of expenditure over revenue before refund to the Province of Manitoba	9,514	—
Refund to the Province of Manitoba (Note 10 b))	412,685	—
Excess of expenditure over revenue, Exhibit A, (Note 10 b))	$ 422,199	$ —

Exhibit D
Page 1

The Manitoba Agricultural Credit Corporation
The Agricultural Credit Corporation Act

Statement of Receipts and Disbursements

for the year ended March 31, 1988

	1988	1987
Receipts:		
Advances from the Province of Manitoba	$ 30,800,000	$ 35,000,000
Collections on account of mortgages, chattels and agreements for sale:		
Principal	13,730,044	12,625,960
Interest	21,997,645	20,019,435
Other charges	1,297,365	912,584
	37,025,054	33,557,979
Collections on account of promissory notes:		
Principal	218,412	187,760
Interest	173,077	201,877
	391,489	389,637
Collections on account of stocker program advances receivable:		
Principal	3,452,771	3,234,206
Interest	192,692	229,247
	3.645,463	3,463,453
Collections on account of security agreements receivable:		
Principal	4,498,386	8,373,899
Interest	187,621	313,716
	4,686,007	8,687,615
Collections on account of Manitoba Interest Rate Relief Program (Note 14)		
Principal	699,626	399,347
Interest	468,669	283,840
	1,168,295	683,187
Interest:		
On cash on deposit with the Minister of Finance	34,802	15,886
On term deposits with the Minister of Finance	991,846	297,077
	1,026,648	312,963
Carried forward	$ 78,742,956	$ 82,094,834

	1988	1987
Disbursements:		
Mortgages and agreements for sale	$ 16,717,310	$ 27,792,971
Promissory notes	4,067	4,082
Stocker program	3,858,152	3,726,969
Land and building purchases	80,329	92,804
Security agreements	3,235,868	7,103,627
Sundry charges on account of mortgages	922,878	776,181
Taxes charged on land leasing	120,261	126,554
Young farmer rebates	1,586,940	1,858,801
Financing charges paid to the Province of Manitoba:		
Interest on advances and service charges, net	20,045,813	18,086,305
Interest Rate Reduction Program (Note 15)	13,022,630	—
	33,068,443	18,086,305
Payment to the Province of Manitoba of collections on account of Manitoba Interest Rate Relief Program (Note 14)		
Principal	607,913	363,103
Interest	485,666	303,959
	1,093,579	667,062
Carried forward	$ 60,687,827	$ 60,235,356

The Manitoba Agricultural Credit Corporation
The Agricultural Credit Corporation Act

Statement of Receipts and Disbursements

for the year ended March 31, 1988

	1988	1987
Receipts:		
Brought forward	$ 78,742,956	$ 82,094,834
Proceeds from term deposits	30,000,000	14,150,000
Proceeds from sale of real estate	552,149	1,113,686
Collections on account of land leasing	1,221,785	976,290
Administration costs - Manitoba Interest Rate Relief Program (Note 14)	39,736	32,650
Miscellaneous	565,257	128,030
Trust account:		
Insurance claim proceeds	47,242	5,964
Total cash receipts	111,169,125	98,501,454
Cash on hand, in bank less overdraft, and on deposit with the Minister of Finance at beginning of year	5,343,809	2,237,948
	$116,512,934	$100,739,402

	1988	1987
Disbursements:		
Brought forward	$ 20,687,827	$ 60,235,356
Repayment of capital advances to the Province of Manitoba	18,649,697	17,048,045
Purchase of term deposits	30,000,000	14,150,000
Administration costs	4,292,731	3,618,199
Miscellaneous	5,539	343,993
Total cash disbursements	113,635,794	95,395,593
Cash on hand, in bank and on deposit with the Minister of Finance at end of year	2,877,140	5,343,809
	$116,512,934	$100,739,402

Exhibit E

THE MANITOBA AGRICULTURAL CREDIT CORPORATION
Part III of The Fisheries Act
Statement of Receipts and Disbursements
for the year ended March 31, 1988

	1988	1987
Receipts:		
Province of Manitoba:		
Advances	$ 1,000,000	$ 1,100,000
Grant re administration costs	310,746	379,756
	1,310,746	1,479,756
Collections on account of loans:		
Principal	3,222,899	2,936,711
Interest	478,069	418,338
Interest from Province of Manitoba	27,687	34,570
	3,728,655	3,389,619
Miscellaneous	108	507
Total cash receipts	5,039,509	4,869,882
Cash on deposit with the Minister of Finance at beginning of year	194,429	104,869
	$ 5,233,938	$ 4,974,751
Disbursements:		
Loans	$ 3,954,462	$ 4,018,618
Administration costs	384,748	379,368
Interest on advances from the Province of Manitoba	465,347	382,336
Refund to the Province of Manitoba (Note 10 b))	412,685	—
Total cash disbursements	5,217,242	4,780,322
Cash on deposit with the Minister of Finance at end of year	16,696	194,429
	$ 5,233,938	$ 4,974,751

Schedule 1

THE MANITOBA AGRICULTURAL CREDIT CORPORATION
The Agricultural Credit Corporation Act
Schedule of Administration Expenditure
for the year ended March 31, 1988

	1988	1987
Salaries	$ 1,680,506	$ 1,680,362
Advertising	51,062	44,538
Audit fees	28,880	28,040
Bad debts (Notes 2 c) and 7 a))		
— promissory notes	22,802	(34,198)
— mortgages, chattels and agreements for sale	10,118,409	4,878,623
— stocker program	152,777	93,315
— land lease program	67,058	853
— security agreements	189,088	(10,800)
Collection expenses	1,025	4,414
Corporation capital tax	—	(17,414)
Data processing	63,973	59,691
Directors' fees and expenses	20,464	24,946
Ear tags	15,540	(3,569)
Employee benefits	152,195	124,374
Guaranteed loan losses	679,050	2,797,079
Insurance	13,896	6,774
Health and post secondary education levy	37,987	26,063
Messenger service	2,958	3,526
Miscellaneous	1,503	1,639
Office furniture and equipment	19,657	45,662
Office rental, cleaning, light and power	159,592	140,844
Postage	28,031	24,810
Professional fees	10,861	5,287
Property taxes	292,523	135,924
Real estate maintenance	54,086	90,123
Relocation expenses	6,152	1,450
Stationery, office supplies and equipment rental	53,426	56,528
Telephone	45,213	43,602
Travelling	114,014	135,431
Workers compensation	16,627	13,890
The Manitoba Mediation Board expenses	—	14,637
Total administration expenditure, Exhibit B	$ 14,099,355	$ 10,416,444

The Manitoba Agricultural Credit Corporation

Notes to the Financial Statements

for the year ended March 31, 1988

1. **Nature of Operations**

   The Manitoba Agricultural Credit Corporation is incorporated under a specific statute of the Province of Manitoba, being Chapter A-10 of the Revised Statutes of Manitoba, 1970.

   The Corporation carries out the following programs:

   a) It provides and administers financial assistance to farmers to assist in the development of farms under its Act;

   b) It provides and administers loans to commercial fishermen under the Manitoba Fisheries Act;

   and the Corporation accounts for each of these programs separately.

2. **Significant Accounting Policies**

   a) The Corporation operates on the accrual basis of accounting except for the following:

      i) Equipment and office furniture are charged to operations in the year of acquisition.

      ii) Revenue from real estate is not offset by depreciation on farm buildings and equipment acquired together with land purchased for the land leasing operations.

      iii) In accordance with the provisions of the Manitoba Civil Service Superannuation Act, the Corporation contributes 50% of the pension disbursements made to retired employees. Such payments are charged to operations as incurred and provision is not made in the accounts to fund current or past service obligations to the Superannuation Fund. On the basis of an actuarial report, the unfunded liability for the Corporation's employees amounted to $2,375,268 at December 31, 1987 (1986 - $1,545,416).

      iv) In accordance with the procedures followed by the Province of Manitoba the Corporation's account with the Minister of Finance is held open until May 15, to reflect transactions recorded by the Province as of March 31.

      v) The Government of the Province of Manitoba provides the services of legal counsel, computer system programmer/analysts and other miscellaneous administrative services at no charge to the Corporation. The costs of these services is estimated to be approximately $140,000. These costs are not reflected in these financial statements.

   b) In accordance with the Acts under which it operates, the amounts by which the expenditures of the programs it administers exceed the related revenues may be recovered from the Province of Manitoba from its appropriations.

   c) The allowances for doubtful accounts are determined on an individual account basis and relate to loans and accounts receivable and represent an estimate of probable losses on the accounts outstanding at year end as shown in note 7. Actual losses on loans and accounts receivable are charged to the appropriate allowance when written off by Board resolution. The adjustment of the allowances to the required level is charged to administration expenditure as bad debts.

3. **Stocker Program Advances Receivable**

   Stocker program advances receivable consisted of the following at March 31:

	1988	1987
Renewable interest bearing advances, 18 month term	$ 2,898,589	$ 2,447,183
Interest free advances, 12 month term, discontinued in 1975-76	20,742	20,464
Interest bearing advances under programs discontinued in 1974-75	1,632	2,151
Accrued interest	128,139	99,454
	3,049,102	2,569,252
Less: allowance for doubtful accounts	398,119	246,884
	$ 2,650,983	$ 2,322,368

Notes to the Financial Statements

for the year ended March 31, 1988

4. Mortgages, Chattels and Agreements for Sale Receivable

A summary of mortgages, chattels and agreements for sale receivable by years in which the instalments become due and payable is as follows:

Receivable Within:	1988	1987
1 year		
Accrued interest	$ 11,436,003	$ 12,791,468
Arrears	15,524,883	12,764,145
Prepayments	(6,704,700)	(6,358,257)
Regular instalments	8,520,967	6,005,394
	28,777,153	25,202,750
2 years — regular instalments	8,878,737	6,206,947
3 years — regular instalments	9,109,715	6,485,550
4 years — regular instalments	9,416,133	6,936,861
5 years — regular instalments	9,001,044	7,297,988
Over 5 years — regular instalments	167,977,456	174,551,300
	233,160,238	226,681,396
Less: allowance for doubtful accounts	14,960,782	9,049,869
	$ 218,199,456	$ 217,631,527

5. Promissory Notes Receivable

Promissory notes receivable are comprised mainly of loans made under the Farm Diversification Plan Program of the Province of Manitoba. Since 1976, those loans, which have been made for the purchase of livestock and equipment, have been secured by means of lien notes on the said livestock and equipment. Other loans under this program are unsecured. This program was terminated in December, 1978. A summary of promissory notes receivable by years in which the instalments become due is as follows:

Receivable Within:	1988	1987
1 year		
Accrued interest	$ 78,567	$ 97,592
Arrears	609,335	696,303
Prepayments	(11,977)	(16,637)
Regular instalments	101,141	155,329
	777,066	932,587
2 years — regular instalments	80,152	119,790
3 years — regular instalments	73,134	88,109
4 years — regular instalments	72,182	80,980
5 years — regular instalments	73,607	81,780
Over 5 years — regular instalments	91,434	165,809
	1,167,575	1,469,055
Less: allowance for doubtful accounts	653,138	689,256
	$ 514,437	$ 779,799

6. **Security Agreements Receivable**

Security agreements receivable consist of advances made to farmers who are registered with the Manitoba Beef Commission and total $1,229,278 (1987 - $2,523,861) less the allowance for doubtful accounts of $232,593 (1987 - $45,410). These advances are mainly repayable to the Corporation within fourteen months of disbursement.

At March 31, 1988, accrued interest of $52,529 (1987 - $68,293) and arrears of $284,035 (1987 - $208,936) are included in the total security agreements receivable.

7. **Allowance for Doubtful Accounts**

Asset account balances are shown net of the following allowances for doubtful accounts (Note 2c)):

Asset	Allowance March 31/87	Adjustment Required 1987/88	Accounts Written-Off 1987/88	Required Allowance March 31/88
a) The Agricultural Credit Corporation Act				
Accounts receivable — rent	$ 484,897	$ 67,058	$ 67,718	$ 484,237
Stocker program	246,884	152,777	1,542	398,119
Mortgages, chattels and agreements	9,049,869	10,118,409	4,207,496	14,960,782
Promissory notes	689,256	22,802	58,920	653,138
Security agreements	45,410	189,088	1,905	232,593
	$10,516,316	$10,550,134	$ 4,337,581	$16,728,869
b) Part III of The Fisheries Act				
Loans receivable	$ 412,685	$ 47,585	$ 38,071	$ 422,199

8. **Real Estate**

Real estate consists of foreclosures and quit claims, at the lower of the foreclosed amounts and quit claims amounts or appraised values, and purchases for the land lease program, at cost. Approximately 97% of this real estate has been leased, 90% of which is subject to an option to purchase.

9. **Advances from the Province of Manitoba**

These advances consisted of the following at March 31:

	1988	1987
a) The Agricultural Credit Corporation Act:		
Advances repayable in equal annual blended principal and interest instalments:		
Rates range from 7.5% to 13.375%	$243,577,879	$225,853,258
Advances repayable at maturity:		
11% due May 1, 1989	—	10,000,000
12.74% due March 3, 2000	8,850,000	8,850,000
	$252,427,879	$244,703,258

9. (Continued)

Maturities of principal by fiscal year are as follows:

1988	$ —	$ 12,576,917
1989	18,241,464	13,331,906
1990	15,506,462	20,225,903
1991	13,555,232	10,986,112
1992	12,634,134	9,865,064
1993	13,832,541	10,848,954
1994 through 2018	178,658,046	166,868,402
	$252,427,879	$244,703,258

b) Part III of The Fisheries Act:

Advances repayable on demand, interest payable at prime rates	$ 4,761,929	$ 4,800,000
Advances repayable by March 31, 1989 without interest	1,000,000	—
	$ 5,761,929	$ 4,800,000

10. **Deficit Accounts**

a) The Agricultural Credit Corporation Act:

During the year ended March 31, 1986, the Province of Manitoba changed the basis for funding the allowances for doubtful accounts under The Agricultural Credit Corporation Act. Previous to that year the Province provided funds to cover the increase in the allowances each year but this practice was discontinued and now the Province provides funds only on accounts actually written off by the Corporation. To initiate this change in funding policy, the Corporation refunded $5,325,064 to the Province of Manitoba in 1986, being the balance of the allowance for doubtful accounts as at March 31, 1985.

This change in funding policy has resulted in increasing the excess of expenditure over revenue for the year ended March 31, 1988 by $6,212,553 (1987 - $2,906,098).

b) Part III of The Fisheries Act

During the year ended March 31, 1988, the Province of Manitoba made a similar change in funding the allowances for doubtful accounts under Part III of The Fisheries Act. The Corporation therefore refunded $412,685 to the Province being the balance of the allowance for doubtful accounts at March 31, 1987.

This change in funding policy has resulted in increasing the excess of expenditure over revenue by $422,199.

11. **Sale of Properties**

During the year ended March 31, 1988, the Corporation sold sixteen of its properties. The results were as follows:

	Number of Sales	Sales Proceeds	Cost	Gain
Sales to Lessees	3	$ 107,921	$ 66,890	$ 41,031
Sales by Public Tender	13	649,211	641,470	7,741
	16	$ 757,132	$ 708,360	$ 48,772

The total gain of $48,772 (1987 - $146,138) has been included in real estate revenue of $1,199,003 (1987 - $1,203,253).

12. **Funds Approved but not Disbursed**

These funds as at March 31 amounted to:

	1988	1987
a) The Agricultural Credit Corporation Act:		
Direct loans	$ 1,763,747	$ 4,588,720
Corporate loans	290,623	842,836
Refinancing program — regular	141,516	1,183,443
— corporate	—	462,407
Part-time farmers	42,525	117,775
Stocker program	1,400,619	1,755,546
Land lease program	12,087	3,501
Crown land loans	6,590	56,350
Security agreements	2,400	101,275
Mediated loans	679,600	—
	$ 4,339,707	$ 9,111,853
b) Part III of The Fisheries Act:		
Direct loans	$ 300,329	$ 269,830

The Corporate loans amount includes $279,241 (1987 - $283,891) which represents performance bond guarantees to agricultural marketing agencies.

13. **Contingent Liabilities**

At March 31, 1988, the Corporation was contingently liable as guarantor of loans made under The Agricultural Credit Corporation Act by lending institutions as follows:

a) The Corporation fully guarantees loans to individuals for the purpose of farming. The last of these guarantees was given during the 1982-83 fiscal year. At March 31, 1988, these guaranteed loans amounted to $573,344 (1987 - $1,059,685).

b) Effective April 1, 1983, a Guaranteed Operating Loan program was introduced. Under this program the Corporation guarantees 12½% of the aggregate total guaranteed loans made by each participating lending institution. As of March 31, 1988, the Corporation's contingent liability amounted to $4,622,313 (1987 - $5,001,020). A partial provision for this contingency has been made in the financial statements in the amount of $2,117,000 (1987 - $2,819,050).

14. **Manitoba Interest Rate Relief Program**

The Corporation administers the agricultural portion of the Manitoba Interest Rate Relief Program for the Province of Manitoba. The Province has provided grants and deferred recoverable advances to farmers under this program which was initiated during the 1982-83 year. The Corporation monitors compliance with the conditions of the program, collects amounts due and remits them to the Province.

Notes to the Financial Statements

for the year ended March 31, 1988

15. **Interest Rate Reduction Program**

During the year the Corporation instituted a program to allow borrowers to reduce their higher interest rate loans to 8%, effective from their last payment date. The Province of Manitoba, in turn, reduced certain of the higher interest rates on its advances to the Corporation. This program required payment of an interest rate reduction fee in the form of a cash payment from the borrower or a further advance from the Corporation on behalf of the borrower to give effect to the interest rate reduction. Funds paid by borrowers and further advances by the Corporation under this program totalled $13,022,630 and were paid to the Province of Manitoba to reduce the Corporation's future interest charges.

16. **Comparative Figures**

Comparative figures for the year ended March 31, 1987 have been restated where necessary to conform with the presentation adopted for March 31, 1988.